

**THE DIRECTOR OF CENTRAL INTELLIGENCE**

WASHINGTON, D.C. 20505

**National Intelligence Council**

22 July 1982

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

THROUGH : Chairman, National Intelligence Council

FROM : David D. Gries  
National Intelligence Officer for East Asia

SUBJECT : Beginning of the Final Act on Taiwan Arms Sales

1. Secretary Schultz's memorandum instructing Ambassador Hummel reached the White House Tuesday and was approved by President Reagan today in a meeting with Judge Clark and Gaston Sigur. Hummel's instructions are to complete negotiations of the joint communique while holding firm on three final points the Chinese are trying to delete:

- Some form of linkage must be shown between China's intention to pursue peaceful reunification and our intention to reduce (but not end) arms sales.
- We will not commit to discuss arms sales with Beijing as sales are made. The Chinese are trying to insert the phrase "keep in touch."
- The communique must be set in the context of the strategic relationship between Beijing and Washington.

2. During the same meeting today, the President also agreed with Secretary Schultz's recommendation that State notify key Congressmen privately of our intent to extend F5E coproduction. The alternative to private notification is written notification in the form of a letter to the Congress. Waiving the latter has no effect on the extension of the coproduction agreement.

3. During their lunch Wednesday, Lee Kuan Yew almost succeeded in persuading the President to tear up the draft communique that is already tabled in Beijing.

  
David D. Gries

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